

57%
of 2004 sales

Contactless payment becomes ubiquitous

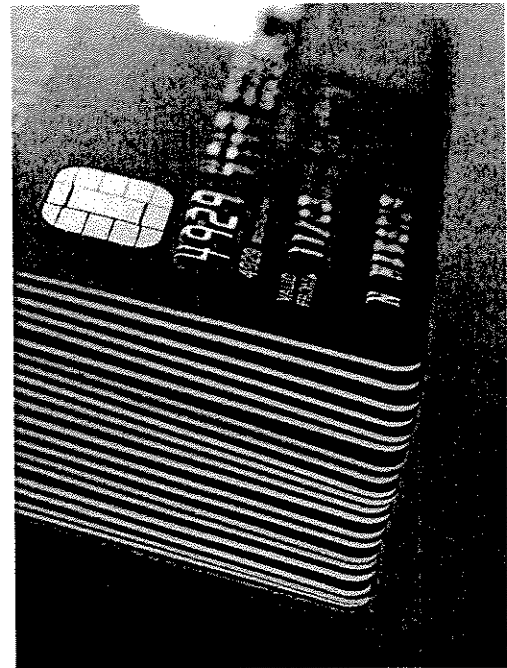
Contactless payment was recognized in 2004 as an efficient and secure tool for small payments. This technology significantly reduces transaction time and will therefore prove to be an ideal solution for quick serve restaurants, gas stations, toll booths, and in other environments where speed is of the essence.

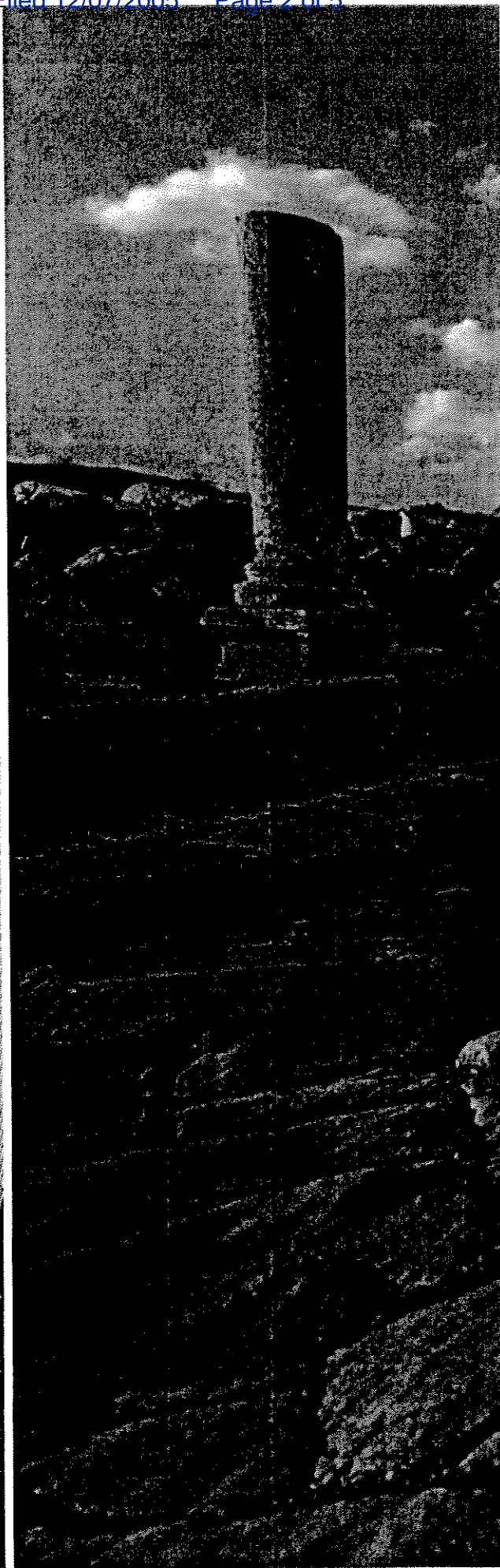
To address this demand Oberthur Card Systems has invested significantly over the last three years in different types of technologies: plastics, antennas and mask development. These efforts have been applauded by the market and will enable Oberthur Card Systems to book its first volume orders in the USA and Asia.

Services for tomorrow

Oberthur Card Systems is already working on new types of payment-related services. In 2004, the Group devoted substantial resources to the development of payment-based technologies and smart cards capable of hosting new services, such as loyalty and authentication.

Oberthur Card Systems is working on programs for its customers to encourage the use of payment cards through loyalty points, discount vouchers, welcome gifts, and increased security for Internet transactions. These new solutions will enable financial institutions to fine-tune their customer segmentation based on card usage. Cards therefore become a high value-added marketing tool that fully meets all end-user needs while guaranteeing issuers increased card usage.





Mobile Communications

Recognized as an innovator, Oberthur Card Systems enjoys an enviable position in the high-end mobile communications market. Committed to delivering solutions that fully address operators' needs, the Group offers a range of custom services based on leading edge products combining functionality and usability.



Mobile Communications



60%
of SIM cards sold
in 2004 were in the
high-end segment

**Over 10
Million**
3G cards sold by
end 2004



The Asia Pacific and European regions saw outstanding performances in the mobile communications segment in 2004, with growths of 25% and 40% respectively. The recent drive to expand geographical coverage has started to pay off, with nearly forty new customers in 12 months in territories as wide-ranging as Brazil, Russia, Asia Pacific and the Middle East.

After last year's restructuring of the US sales force, the Group has recorded its first successes in the American GSM market.

High-end positioning and custom solutions

Oberthur Card Systems' positioning has given the company a special status in a highly competitive market place. Its excellent product mix has established Oberthur Card Systems as the reference player in the high-end segment of the market. In 2004, the company shipped 65 million SIM cards, 60% of which had memory capacities of at least 64K.

By efficiently managing its R&D teams, the company achieved a leading position in strong growth markets such as 3G. In the field of custom applications and services for major accounts, Oberthur Card Systems reinforced its leadership by means of a major development effort to broaden its applications portfolio and enhance its pre-sales tools.

A strategy targeting operator groups

Oberthur Card Systems is one of the few players in the smart card industry to be a supplier to Europe's six leading operator groups. We can now look forward to terrific growth opportunities as these groups together account for 95 operators and over 500 million subscribers worldwide.

Dedicated marketing, sales and technical support teams work with our customers on a daily basis anticipating their demands, making proactive proposals and helping them develop their flagship projects, such as the move towards 3G technology.

30%
of 2004 sales

In an ever more competitive market, operators are increasingly demanding. In order to address their demands and stay a step ahead of market needs, Oberthur Card Systems offers a complete line of dedicated products and solutions, irrespective of geographical constraints and operator size.

Always looking forward to new challenges, Oberthur Card Systems recently decided to explore other types of markets. The company is therefore developing products for all customer segments, from large corporations to prepaid subscribers. For each segment, the company offers a combination of cards, applications and services to help each operator differentiate itself and increase revenues.

Cutting-edge innovation

For the past ten years, Oberthur Card Systems has occupied a unique position in the innovation landscape. Since it designed the first Java™ SIM card, Oberthur Card Systems has always delivered the latest breakthroughs to the GSM industry with the first 64K, 128K, and 1 MegaByte cards.

To maintain its technological leadership and keep in tune with the future demands of its customers, the Group continues to drive its innovation forward. In November 2004 it launched the first SIM Tool Kit New Generation applications on a 1 MB card. It has also received the first WIB 1.3 certification, and the first GUSIM certification from the Vodafone Group.

At the start of 2005, Oberthur Card Systems revolutionized the mobile communications industry, and more generally the multimedia sector, by introducing the first high memory capacity USIM card. The 128 MegaByte GIGAntiC card opens the door to potential new application areas.

In line with the Group's strategy to promote international standards, Oberthur Card Systems' teams are involved in and are strongly committed to the work of standardization committees.

“ We were impressed by the level of expertise in Oberthur Card Systems' teams, coupled with the speed and precision with which they participated in this crucial program to deliver Vodafone innovative value-added services. Oberthur Card Systems was the obvious choice to support us in this strategic 3G development. ”

Dieter Volbert,
GUSIM Program Manager
Vodafone Group

